



WASHINGTON STATE POLLUTION LIABILITY INSURANCE AGENCY

2021-23 Strategic Plan

The Pollution Liability Insurance Agency provides an effective and efficient government funding model to support owners and operators in meeting financial responsibility and environmental cleanup requirements for underground storage tanks.



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Top – Sound Earth Strategies

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Washington State Pollution Liability Insurance Agency

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MISSION STATEMENT

The Pollution Liability Insurance Agency (PLIA) provides an effective and efficient government funding model to support owners and operators in meeting financial responsibility and environmental cleanup requirements for underground storage tanks.

VISION

PLIA is a leader in integrated financial responsibility, technical assistance, enhanced economic development, and innovative cleanup approaches.

CORE VALUES

Be the government you would want at your door: PLIA is passionate about customer engagement, communication, and education and is committed to providing clear guidance and excellent service to our customers.

Stimulate economic development: PLIA works to restore property values, and create and preserve jobs while protecting human health and the environment.

Making the impossible possible: PLIA's strong culture, vision and leadership provide staff with the ability and confidence to take on any challenge in service of the people of Washington State.

Accountable stewardship of resources: PLIA maintains a lean and fiscally sound agency budget and we hold ourselves accountable for efficient and effective stewardship of the state's resources.

STATUTORY AUTHORITY

PLIA was created in 1989 by the Washington State Legislature. The enabling legislation is contained in:

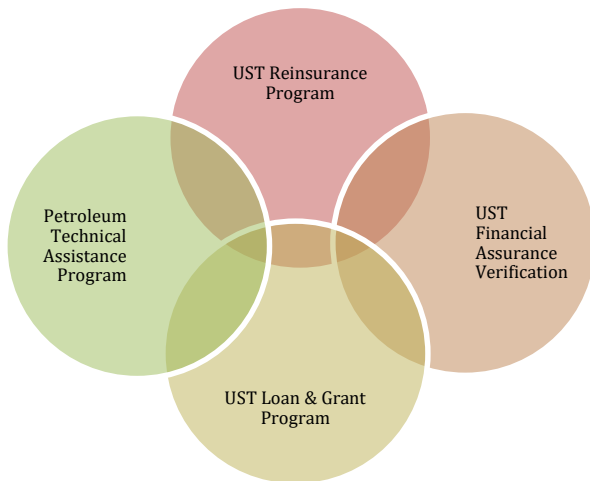
- **Chapter 70.148 RCW, Underground Petroleum Storage Tanks** – Creates a state financial responsibility (pollution liability insurance) program meeting EPA standards for owners and operators of underground storage tanks.
- **Chapter 70.149 RCW, Heating Oil Pollution Liability Protection Act** – Authorizes PLIA to develop a program that provides pollution liability insurance for home heating oil tanks.
- **Chapter 70.340 RCW, Underground Storage Tank Revolving Loan and Grant Program** – Authorizes PLIA to establish a revolving loan and grant program to assist owners and operators of petroleum underground storage tank systems to: (1)

Remediate past releases; (2) upgrade, replace, or remove petroleum underground storage tank systems to prevent future releases; and (3) install new infrastructure or retrofit existing infrastructure for dispensing renewable or alternative energy.

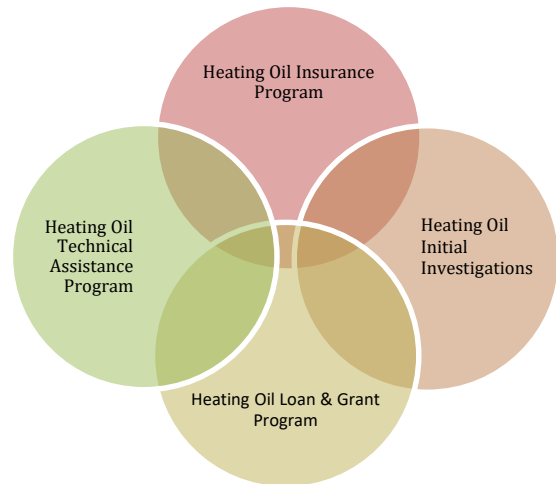
- **Title 374 WAC, Pollution Liability Insurance Agency** – Agency’s rules and operating procedures.

AGENCY STRUCTURE

COMMERCIAL UNDERGROUND STORAGE TANKS



HEATING OIL



PLIA operates six core programs:

- **Underground Storage Tank (UST) Loan and Grant Program**
This program provides financial resources in the form of a loan or grant to UST owners to clean up historical or ongoing contamination caused by a UST release, replace or upgrade aging fuel systems to dispense today's fuels and prevent leaks, and transform old stations into the gas stations of the future, adapted to the changing transportation market including the installation of electric vehicle (EV) charging stations.
- **Commercial UST Reinsurance Program**
This program provides reinsurance services to private insurance companies to ensure the availability and affordability of insurance policies allowing UST owners and operators to meet state and federally mandated financial assurance requirements.
- **Petroleum Technical Assistance Program**
This program provides technical assistance to owners of petroleum-contaminated sites on meeting the state's environmental regulations when cleaning up a petroleum release. Site owners can request and receive opinion letters to verify that they have met the necessary cleanup requirements.
- **UST Financial Assurance Verification**
This program works with the Department of Revenue and the Department of Ecology to verify UST owners and operators meet state and federally mandated financial assurance requirements.

- **Heating Oil Pollution Liability Insurance Program**

This program provides registered heating oil tank owners with up to \$60,000 of insurance coverage to clean up heating oil releases. Beginning July 2, 2020, PLIA no longer accepts new insurance registrations for the insurance program. However, PLIA will accept transfers of an existing registration to a new owner when done within 180 days of a change in property ownership.

- **Heating Loan and Grant Program**

This program provides up to \$75,000 in financial resources to heating oil tank owners to pay for cleanup of contamination caused by a heating oil tank release. Based on program funding availability, this program can also provide resources to pay for infrastructure upgrades.

- **Heating Oil Technical Assistance Program**

This program provides technical assistance to heating oil tank owners on meeting the state's environmental regulations when cleaning up a heating oil release. Heating oil tank owners can also request and receive opinion letters to verify that they have met the necessary cleanup requirements.

- **Heating Oil Initial Investigations**

PLIA performs initial investigations of reported heating oil releases to determine whether the release requires cleanup under the state's cleanup requirements.

AGENCY CAPACITY AND FINANCIAL HEALTH

PLIA operates its statewide programs with 18 employees. Each employee wears many hats and all have a passion for the agency's mission and customers. PLIA strives to provide ongoing training opportunities to all staff to further employee development and to establish a positive workplace culture.

In August 2020, PLIA submitted the agency's Diversity Plan. PLIA identified and is updating all of the agency's existing diversity, equity, and inclusion policies and procedures. These efforts comply with the state's policy to enhance the recruitment, retention and safety of the state's workforce. PLIA also works closely with external stakeholders and other state agencies when developing and administering programs and through agency rule-making. Public participation and communications is vital to enhancing accessibility to customers. PLIA is also developing opportunities to include environmental justice considerations in the agency's programs. These efforts include revising certain solicitation documents and processes for improved access to veteran-, and woman-owned businesses.

The agency's strategic plan development is carried out biennially, with as needed modifications to course correct and adapt to external changes. PLIA's primary strategic planning timeline is two (2) years, to align with our budgeting environment, with additional strategic focus on the period from the present through 2030 (the agency's expiration date).

After a leadership transition in 2013, the agency critically evaluated its programs and implemented PLIA

several improvements, including:

- Portfolio Management of UST claim sites.
- A Scope of Work Form for the Heating Oil Liability Insurance Program that aligns with the Model Toxics Control Act (MTCA).
- Increased technical rigor in the Heating Oil Technical Assistance Program.

The Governor and Legislature authorized PLIA to expand its services in 2016 and 2017 to include:

- A Loan and Grant Program for UST owners and operators to upgrade and clean up UST infrastructure.
- A technical assistance program for owners of qualifying petroleum contaminated sites.

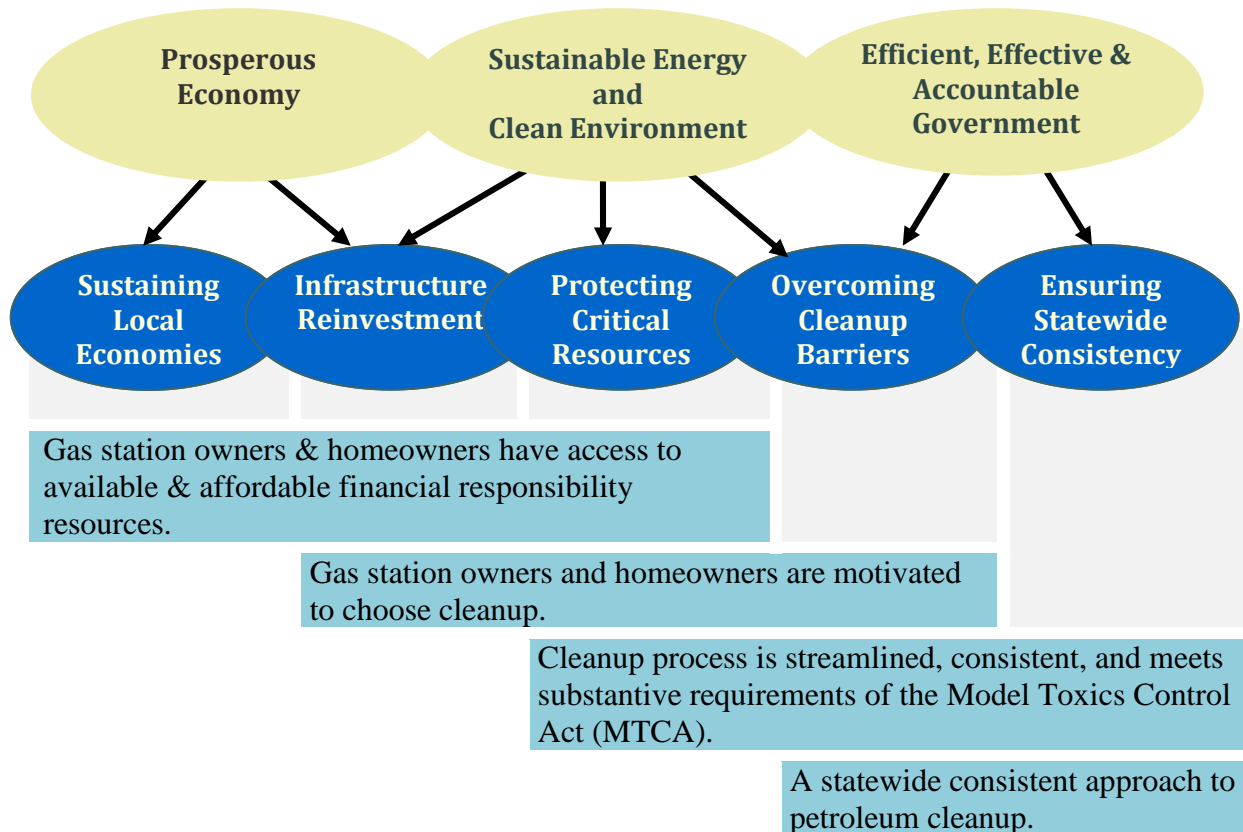
In 2020, the Governor and the Legislature directed PLIA to:

- Discontinue new registrations for the Heating Oil Insurance Program unless the tank owner has an existing registration and is transferring this during a property sale.
- Implement a Heating Oil Loan and Grant Program to provide financial resources to heating oil tank owners to pay for cleanup of contamination and infrastructure needs.

The agency is currently implementing modernization of its IT infrastructure to meet today's digital standards. The first step was modernization of the agency's website. Following the launch of the new website, PLIA also took the first step toward replacing its legacy databases with modern solutions (architecture and platform) to enable the agency to meet its desired transparency goals. PLIA's goal is to implement a modern IT Solution that allows for cross-program and cross-agency coordination to include the Department of Ecology, Department of Health, and Department of Revenue. In 2018, PLIA adopted a new PaaS solution for the Loan and Grant Program. Moving forward, PLIA hopes to leverage the solution for its other agency programs. This modern IT solution will streamline agency workflows, and allow PLIA to provide real-time, on-demand access for our customers to their claim and cleanup information.

The Pollution Liability Insurance Agency's operating budget for the 2019-21 Biennium was \$4,690,000. The major funding source for the agency is the petroleum products tax which is assessed on the first possession of petroleum products in the state, and is deposited in the agency's pollution liability insurance program trust account (fund 544). The current tax rate for the petroleum products tax is 0.003, and is based on the wholesale value of the product. The agency also receives a modest amount of funding from a 1.2 cents/gallon fee assessed on heating oil dealers, which is deposited in the heating oil pollution liability trust account (fund 545). None of the agency funding is derived from the State General Fund. Interest from both of the agency's trust accounts is deposited in the State General Fund. The trust accounts have contributed more than \$29 million in interest revenue since 1992.

AGENCY GOALS



OUTCOME: Gas station owners & homeowners have access to available & affordable financial responsibility resources.

Measures:

- Reinsure at least 70% of USTs in the state and maintain insurance market affordability and stability.
- 90% of claim sites cleaned and claims closed within negotiated timeline and policy limit.
- At least seven owners/operators per year apply for a revolving loan or grant to upgrade their equipment.
- Five or more aged (older than 25 years) USTs systems are upgraded per year as a result of PLIA's revolving loan and grant program.
- Four or more EV charging stations (or alternative fuel infrastructure) are installed per year through PLIA's revolving loan and grant program.

Strategies:

- Renegotiate existing reinsurance treaties with partners to increase savings and coverage for users.
- Provide loans and grants to gas station owners and operators who want to upgrade existing infrastructure but cannot access traditional financing.
- Incentivize the installation of alternative fueling infrastructure in the revolving loan and grant program.
- Make UST compliance and cleanup information easily accessible to insurance companies.
- Provide education and outreach to UST owners and operators concerning risk factors that

influence insurance costs.

- Leverage the results of a third party actuarial study in treaty renegotiations, as appropriate, to ensure the best value of our reinsurance services.

OUTCOME: Gas station owners and homeowners are motivated to choose cleanup.

Measures:

- Accept at least 60 new sites into the Petroleum Technical Assistance Program each year.
- Maintain the increased participation in the Heating Oil Technical Assistance Program as of 2016 (200 sites per year).
- Restore a minimum of \$5 million in property values each year.
- Initiate more than four cleanups per year with PLIA's low interest loan program.

Strategies:

- Provide clear, consistent, and timely technical assistance to owners of petroleum-contaminated sites.
- Provide loans and grants to gas station owners and operators who want to clean up contamination but cannot access traditional financing.
- Conduct financial and technical audits of UST reinsurance claims.
- Enhance relationships with an owner's or operator's consultant to improve communications on cleanup actions.
- Develop and implement ongoing marketing efforts that include contacting realty companies, financial institutions, and other relevant parties to encourage cooperation in providing their customers with agency program information.

OUTCOME: Cleanup process is streamlined, consistent, and meets substantive requirements of MTCA.

Measures:

- 75% of sites accepted into the Petroleum Technical Assistance Program meet cleanup timelines.
- 90% of claim sites will be cleaned and claims closed within negotiated timelines and policy limits.
- Remove financial barriers for petroleum-contaminated sites based on proximity to high susceptibility wells.

Strategies:

- Conduct intake meetings with each applicant to the Petroleum Technical Assistance Program.
- Strengthen agreements with insurance partners to establish and enforce cleanup milestones for all insurance claim and loan and grant sites. Program activities include meeting with the parties to discuss paths moving forward to closure, submission of a scope of work, a formal review/comment process, and the issuance of an opinion letter to insurance partners and the insured's consultant.
- Prioritize reinsurance sites based on environmental issues and remaining monies left on the policy.
- Prioritize loan and grant sites based on their proximity to highly susceptible wells.
- Contract with a third party to assess the current Commercial UST Reinsurance and Heating Oil Liability Insurance program given current commercial UST insurance market and residential heating fuel market conditions.

- Continue process improvement efforts in the areas of reviews and approvals.

OUTCOME: A statewide consistent approach to petroleum cleanup.

Measures:

- 100% of PLIA reinsured cleanup sites entered into the Petroleum Technical Assistance Program by 2019.
- Interagency collaboration to protect groundwater with Department of Health.
- A majority of heating oil release cleanups go through our agency.
- Design and implement a data collection strategy to effectively assess and proactively address aging petroleum infrastructure.

Strategies:

- Include the Petroleum Technical Assistance Program in insurance treaty renegotiations.
- Strengthen the performance accountability requirements in the Heating Oil Service Provider Agreement to ensure timely cleanups that meet the substantive requirements of MTCA.
- Require annual renewal of the Heating Oil Service Provider Agreement.
- Continue to participate in leadership activities for national associations and organizations.

AGENCY STRATEGIC PARTNERS

The agency's external strategic partners include:

- Washington Oil Marketers Association
- Western States Petroleum Association
- Washington Environmental Council
- Washington Realtors
- Colony Specialty Insurance Agency
- Great American Insurance Group
- Crum & Forster Specialty Insurance Agency
- United States Environmental Protection Agency
- Korean American Grocers Association
- Puget Sound Energy
- Association of State and Territorial Solid Waste Management Officials

State agency partners include:

- Department of Health
- Office of the Insurance Commissioner
- Department of Ecology

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